

Tax Career Opportunities
in the IRS National Office

EMPLOYEE PLANS / EXEMPT ORGANIZATIONS



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ASSISTANT COMMISSIONER (EMPLOYEE PLANS/EXEMPT ORGANIZATIONS)

Employee Plans/Exempt Organizations is a rather unique organization within the Internal Revenue Service. The Office of Assistant Commissioner (EP/EO) was established in 1974 by Congress when it enacted Public Law 93-406, the Employee Retirement Income Security Act, commonly known as ERISA. The Assistant Commissioner (Employee Plans/Exempt Organizations) acts as the principal assistant to the Commissioner in providing basic principles and rules for the uniform interpretation and application of the Federal tax laws and related laws as they pertain to employee retirement plans, exempt organizations, and actuarial determinations. Congress recognized that the functions of EP/EO are primarily regulatory rather than revenue raising. This is the only office of an Assistant Commissioner created by statute.

The National Office staff numbers approximately 400. There are some 2300 individuals employed in the field offices allocated among the seven Key Districts.

The work of EP/EO affects vast numbers of people and large sums of money. The lives of every American have been touched in some way by the broad spectrum of employee retirement plans and exempt organizations.

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The EP/EO function in the National Office in Washington, D.C. consists of three Divisions—Employee Plans Technical and Actuarial Division, Exempt Organizations Technical Division, and the EP/EO Operations Division—as well as the immediate Staff of the Assistant Commissioner.

What are employee plans?

Employee plans are deferred compensation arrangements established by employers to provide for income after retirement. Generally, when an individual contemplates retirement he or she can expect income from a combination of sources including individual savings, social security, and hopefully a private retirement plan (employee plan) maintained by the person's employer. With the realization of the limitations of the social security system (which was never intended to be a national retirement system) employee plans are becoming increasingly important factors in retirement planning. As the population of America becomes older the encouragement and maintenance of a viable private pension system has become a national priority.

Historically the tax code has been used as a tool to encourage the establishment of employee plans by employers and to ensure their operation in an equitable manner that benefits employees in general. Over the years Congress has passed many laws which specify the minimum standards that employee plans must meet in order to receive preferred status under the tax law. The most comprehensive and well known of these laws is the Employee Retirement Income Security Act of 1974 (ERISA). Employee plans that meet these standards are considered to be "qualified" plans. Once a plan is qualified an employer can deduct plan contributions, earnings on the contributions (which are usually held in a trust) are exempt from tax, and employees are not taxed on contributions or earnings until a distribution is made, usually at retirement. Furthermore, distributions to employees from qualified plans may be eligible for additional tax benefits.

The qualification standards are designed to: (1) assure that benefits are distributed to a broad spectrum of employees, (2) prevent officers, shareholders, and high paid individuals from accumulating excessive tax deferred benefits, and (3) preclude employers from operating the plan for their own benefit rather than the benefit of the employees.

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What types of assignments will a tax law specialist receive in the Rulings and the Qualifications Branches or an actuary receive in the Pension Actuarial Branch?

A tax law specialist in the Rulings Branch will work on a wide variety of assignments which involve legal research, the preparation of written legal opinions and taxpayer contact. A specialist will also be in contact with field agents, Congressional staffs, and representatives of other government agencies. Taxpayer ruling cases generally involve the taxability of employee plan distributions or the deductibility of employer contributions. Technical advice requests are received from field offices concerning the satisfaction of the minimum plan qualification standards in complicated situations. Some issues may require coordination with other government agencies with jurisdiction in the employee plans area including the Department of Labor and the Pension Benefit Guaranty Corporation.

A tax law specialist in the Qualifications Branch will evaluate master and prototype plans for their conformance with the qualification rules. Master and prototype plan are employee plan arrangements which are submitted to the National Office by banks, insurance companies and other large financial institutions. Once approved they are marketed by the plan sponsors to individual employers. These plans are complicated arrangements which are drafted to cover many possible situations and the specialist must evaluate not only each provision but how all the provisions interact with one another. This process involves technical analysis of the highest order and negotiation with sponsor's legal representatives when changes are needed.

An actuary in the Pension Actuarial Branch deals with those aspects of plan qualification and deductibility of employer contribution which involve actuarial science. Actuarial factors are used to determine the level of plan contributions in certain plans and Service actuaries evaluate the reasonableness of these actuarial factors. Service actuaries determine if minimum funding requirements have been satisfied and consider requests from employers for waiver of the minimum funding standards in certain circumstances. Plans are funded through certain approved methods and actuaries evaluate requests to change from one funding method to another. Service actuaries also deal with questions involving limitations on contributions and benefits that apply to qualified plans and serve as a technical resource to our field offices on all manner of actuarial matters related to qualified plans.

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Tax law specialist and actuaries are also involved in many special assignments. They are asked to comment on proposed regulations in the employee plans area, they give oral technical assistance and written general information to taxpayers, participate in technical issue meeting to resolve difficult issues, and can act as instructors in various training classes.

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What is the scope of the activity of the employee plans area?

There are over a million qualified employee plans in operation and in an average year the Service will receive over 100,000 new plans for review. The Rulings Branch issues several thousand rulings each year and handles thousands of other matters. The Qualifications Branch processes over 20,000 master and prototype plans from approximately 5000 sponsors as well as 10,000 Individual Retirement Accounts (IRAs).

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Is it possible to qualify for a position in the Employee Plans Technical and Actuarial Division with a limited knowledge of the employee plans area?

Individuals can qualify for a tax law specialist position with a J.D. or LL.M. degree from an accredited law school. It is desirable for an applicant to have exposure in the tax area. This could be in the form of tax courses taken in the J.D. program, an LL.M. in taxation or actual work experience. An individual with a J.D. degree generally begins at a GS-9 level and those with an LL.M. or one or more years of specialized experience can qualify at the GS-11 level. Higher entry grades are possible for applicants with longer periods of specialized employee plans experience.

While ERISA experience or courses is desirable it is not required. The Service has developed an excellent training program designed for new employees with no employee plans background. The initial program involves 4 weeks of classroom instruction. The class is instructed by experienced employee plans personnel and focuses on the area of plan qualification. Classes are small and most consist of less than 20 students and have three instructors. After the trainee has several months on the job experience this initial class is followed up by one or more shorter sessions totaling approximately two weeks which cover more complex qualification concepts. In addition to the classroom instruction each trainee is assigned an on-the-job training coach who is an experienced employee in the group to which the new employee is assigned. Training is given on current developments in the law as it is needed.

How should a person apply for a position as a tax law specialist or actuary in the Employee Plans Technical and Actuarial Division?

Administrative Officer
Employee Plans Technical and Actuarial Division
Internal Revenue Service
1111 Constitution Avenue N.W.
Washington D.C. 20224
Attn: E:EP Rm6550

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Currently exempt organizations, which are listed in section 501(c) of the Internal Revenue Code, include not only entities that are religious, charitable and educational, but also others such as business leagues, social clubs, fraternities, and cemeteries. Different types of organizations are subject to different requirements and limitations.

The administration of such wide ranging tax exempt organizations is very sensitive and may involve constitutional and other difficult issues. Tax administration of religious organizations is carefully balanced under the principles of separation of church and state. Exempt organizations are often the subject of Congressional hearings, Supreme Court decisions and extensive media coverage. Those involved in the debates about tax exempt organizations often are motivated by strong principles and fight hard for their cause even though little money is involved.

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The second issue, which arises only when considering charitable organizations described in section 501(c)(3), is private foundation status. Private foundations are exempt organizations that receive their support from a small number of donors. These private foundations have special restrictions to protect against private benefit and other abuses, and to insure that the foundation's money is used for charitable purposes. The initial task is to determine if each charitable applicant is a private foundation. On examination, the Service then insures that the foundation complies with the private foundation rules. These rules impose taxes on self-dealing, a failure to distribute income, excess business holdings and investments which jeopardize charitable purpose.

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The third issue is unrelated business income. Unrelated business income results when an exempt organization engages in a business that is unrelated to its tax exempt purpose. Income designated as unrelated business income is generally taxable at ordinary rates.

How are the divisions of the IRS that administer the exempt organization law organized?

The position of Assistant Commissioner (Employee Plans and Exempt Organizations) was created by the Employee Retirement Income Security Act of 1974 to interpret and apply laws applicable to tax exempt organizations and pension plans. Interpretation and application of the laws relevant to exempt organizations are carried out by 7 key district offices throughout the country and by the National Office. Within the National Office, the Exempt Organizations Technical Division and the Employee Plans and Exempt Organizations Operations Division focus on exempt organization issues. The latter division implements and evaluates nationwide programs concerning the processing of applications for recognition of exemption and the examination of exempt organization returns.

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The Exempt Organizations Technical Division is composed of two Rulings Branches, the Projects Branch, and the Immediate Staff of the Division Director. In addition to reviewing other division's publications and draft regulations, the Projects Branch activities include drafting revenue rulings, revenue procedures, notices and announcements. The Immediate Staff of the Division Director conducts conferences on appeals from proposed adverse rulings or on determinations of unusual difficulty or sensitivity. This staff also coordinates with other branches and service functions on matters of mutual concern. The two Rulings Branches make up the largest segment in the Exempt Organizations Technical Division. These branches issue rulings that respond to applications for recognition of exemption, rulings that answer specific taxpayer questions and memoranda that provide technical advice to district directors.

What position is available in the exempt organizations area?

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A position as a tax law specialist in an Exempt Organizations Rulings Branch of the Exempt Organizations Technical Division is available.

What types of assignments will a tax law specialist receive in a Rulings Branch?

A tax law specialist in a Rulings Branch has the opportunity to work on many different assignments that require extensive legal research, writing and taxpayer contact. Contact with taxpayers may take the form of letters, phone conversations or conferences. More complicated cases require consultation with those working in other tax specialties within the IRS, the Department of Treasury or, in the event of litigation, the Department of Justice. The assignments include: exemption applications, technical responses to key districts, ruling requests on proposed transactions, applications for changes in accounting methods, and assisting in the education of field and national office personnel on technical matters.

Exemption applications make up a significant part of the tax law specialist's workload. Organizations, with a few exceptions, must submit an exemption application in order to obtain recognition of exemption. The National Office rules on applications that present questions not specifically covered by statute or regulations, or by a revenue ruling or controlling court decisions. Consequently, tax law specialists in the National Office handle only the precedent setting or more complex exemption applications.

Tax law specialists also respond to technical advice requests from the key districts or a District Appeals Office. Technical advice may be requested on any technical or procedural question that develops during the examination of a taxpayer's return or the consideration of a taxpayer's claim for refund or credit.

Tax law specialists respond to ruling requests from exempt organizations on issues regarding the tax effect of proposed transactions or completed transactions before a return is filed.

Involvement in training activities includes a variety of tasks in the form of written materials or presentations. Tax Law Specialists in the Rulings Branch write articles for the annual Exempt Organization's Continuing Professional Education Technical Text and monthly internal newsletters. In addition, there are opportunities to teach seminars in the National Office and in the key districts.

What is the scope of the activity in the exempt organization area?

There are in excess of 900,000 active tax exempt organizations, not counting approximately 300,000 churches, listed in the Exempt Organizations Master File. Each year the service receives approximately 60,000 application requests for rulings and 2,000 rulings on proposed transactions. Field offices each year examine approximately 22,000 returns filed by tax exempt organizations.

Is it possible to qualify for a position in the Rulings Branch with limited knowledge of the tax exempt area?

Individuals can qualify for a tax law specialist position with a J.D. or LL.M degree from an accredited law school. Preferably, the applicant will also have taken several tax classes while attending law school or have obtained an LL.M. in taxation. Persons with an accounting degree and experience with tax issues may also qualify for the position.

Specific knowledge of the tax exempt area is not required because the IRS has developed an extensive training program for new tax law specialists. This program includes classes that are designed to acquaint new tax law specialists with the area of tax law in which they will be working. Classes are structured in a seminar setting providing an interchange between the instructor and the tax law specialist. The initial training class is scheduled so that the trainee can gain experience working actual cases that can be related to the instruction being provided. The instructors include persons within the IRS and also prominent outside practitioners. In addition to the classes, a senior tax law specialist in the group to which a tax law specialist is assigned will oversee on-the-job training.

There are also 40 hours of continuing professional education provided each year. Tax law specialists often use these classes to meet yearly continuing professional educational requirements.

How should a person apply for a position as a Tax Law Specialist in the Exempt Organizations Rulings Branch?

An applicant should submit the following information: a form SF171, a resume, a writing sample, unofficial transcripts from undergraduate and law schools, and a cover letter. Send these items to the Chief, Exempt Organizations Rulings Branch 2 (E:EO:R:2), 1111 Constitution Avenue, N.W., Washington, DC 20224.

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EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS OPERATIONS DIVISION

The third Division in EP/EO is the Operations Division. While this Division does not directly impact on the public, it performs the essential job of field coordination. The Operations Division work includes providing procedural guidance to field offices; establishing and monitoring workflow controls for field offices; implementing and evaluating nationwide EP/EO programs; and financial planning and budget allocations for the field programs.

Specifically, the Operations Division provides operational policy guidance and direction to EP/EO field offices to ensure adherence to the principles and rules for uniform interpretation and application of federal tax laws involving employee plans and organizations exempt from income tax. The Division consists of four Branches: EP/EO Determination Branch; EP/EO Examination Branch; EP/EO Support and Services Branch; and the EP/EO Project Office which has responsibility for Automation Enhancements to improve Field operations.

The EP/EO Field offices issue hundreds of thousands of determination letters and conduct examinations of the returns of the employee benefit plans and charitable organizations.

The four branches composing the EP/EO Operations Division are responsible for planning, implementing, monitoring and evaluating a variety of nationwide EP/EO programs, such as field determination and examination programs, returns processing, delinquent returns program, Employee Plans Master File and Exempt Organizations/Business Master File. They coordinate budget requests, allocations of resources, and financial planning for field EP/EO activities as well as for the Operations Division. Other activities include drafting and reviewing Internal Revenue Manual material; coordinating training for field personnel; providing guidance and information to taxpayers, other government agencies, and within the Service; participating in the National Office Review Program and other field visits; coordinating development of management information systems to provide statistical and other reports.

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EP/EO SPECIALISTS

Internal Revenue Agents, Tax Law Specialists, and Program Analysts in the EP/EO Operations Division develop and issue instructions, procedures and forms necessary for field program execution; review and analyze the impact of complex cases; provide assistance in the planning, implementation and evaluation of nationwide programs for processing determination and notification letter requests; establish program control and reporting procedures for field programs; provide necessary liaison with other organizations and agencies; work independently to accomplish assigned tasks and duties efficiently, timely, and with high quality, dealing with others as needed to promote effectiveness and productivity. These positions are filled at grade 11 or higher. Experience in field operations is desirable.

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Qualification Requirements for Internal Revenue Agents

Minimum qualifications requirements for a GS-512-11 and above are: Must meet 4 years basic requirements as described in IRM 0338; in addition, you must possess 2 years of Professional Type A Experience and 1 year of Professional Type B Experience (described below). Group manager or field experience is desirable.

Type A Experience—Experience in professional accounting or auditing work that has required knowledge and application of generally accepted accounting principles, theories and practices or in the teaching of accountancy in a residence school above high school level.

Type B Experience—Progressively responsible and diversified professional accounting or auditing work that has required knowledge and application of generally accepted professional accounting and auditing principles, theory, practices and the analysis and interpretation of data, records or systems in terms of their affect on Federal tax liabilities.

Education may be substituted for experience as outlined in IRM 1341. Time-in-grade requires 1 year of experience at the next lower level.

Additional Information

If you have any questions or need additional information, please write to:
Internal Revenue Service
Administrative Officer, E.O. Rm 2557
1111 Constitution Avenue, N.W.
Washington, DC 20224



Department of the Treasury
Internal Revenue Service
Publication 1138 (Rev. 10-88)